

## 10 Year-End Housekeeping and Planning Ideas for the Year Ahead

By Dennis Monroe

Every year I like to provide ideas to help position your business for a stronger year ahead. Here goes:

### 1. Employment matters

There are changes at both the local and national level regarding family leave, paid time-off, overtime and wage-and-hour compliance. Now is a good time to confirm you are complying with applicable laws and regulations. If you are self-insured, verify you are complying with all state requirements. It's remarkable how many major cities have adopted their own employment safeguards, which makes compliance more important than ever.

### 2. Review employee benefits and incentives

I am a strong advocate of phantom stock plans, where a portion of management compensation is tied to profitability and growth in company value. These plans can be an effective way to align management's interests with the long-term success of the business. There are also deferred-compensation and retirement-style arrangements, most of which are non-qualified plans. Employers generally deduct them when paid, while employees recognize the income when received.

### 3. Bank and financial institution compliance

Review your loan covenants and other lender compliance requirements well before year end. If there are potential covenant violations that may require a waiver from your lender, you'll want time to address them.

### 4. Clean up the balance sheet

Identify items that need attention such as shareholder or inter-company loans, uncollectible receivables and related-party transactions. These often require an explanation to lenders and auditors. A cleaner balance sheet strengthens a financial presentation and can improve your bankability.

### 5. Revenue issues

Review all of your revenue sources and evaluate expenses associated with them such as credit card processing fees, vendor rebates and incentive programs. Review your pricing and profitability on takeout, delivery and catering.

Adjustments can often yield meaningful results. Look for opportunities to operate more efficiently as incremental improvements have a significant impact on profitability.

### 6. Prepayment of services

Even accrual-basis taxpayers may prepay certain services and receive a deduction for services to be provided during the first 2-1/2 months of the following fiscal year. This area requires planning, so consult an accountant or tax advisor before proceeding. While the benefit is generally a timing difference rather than a permanent tax savings, it can still provide a valuable deferral opportunity.

### 7. Use of management companies

Many restaurant organizations utilize management companies, which can serve a variety of useful purposes. If the management company operates on a different fiscal year, shifting certain income and expenses between tax years can provide greater tax-planning flexibility, even for flow-through entities. Again, this strategy involves timing rather than permanent tax savings, but can be beneficial when managed properly.

### 8. Capital investments and franchise considerations

Take advantage of the tax benefits associated with Section 179 expensing and bonus depreciation. If you're planning equipment purchases, technology upgrades or facility improvements early next year, consider whether completing them before year-end makes sense. Franchisees should review their remodel obligations. Consider your franchisor an important business partner and a relationship that includes both a partnership and creditor-debtor dynamics. If your business experiences seasonal revenue fluctuations that can be documented, some franchisors may consider accommodations or adjustments that recognize those seasonal challenges.

### 9. Valuation and compliance requirements

It's beneficial to evaluate the value of your company every year. Conversations with experienced brokers, investment bankers and other professionals can provide valuable insight into the current market value of your business. This becomes important if you maintain stock or membership

appreciation rights plans or other deferred compensation arrangements. In some situations, these plans may require accruals for future obligations. Additionally, make sure you remain current on all required filings, transparency reporting requirements, and annual registrations. You certainly do not want to risk administrative dissolution or other compliance violations because a filing deadline was missed. Confirm who is responsible for these obligations, whether it's your attorney, accountant, registered agent, or an internal team member.

#### **10. Attend RFDC**

Mark your calendar for the Restaurant Finance & Development Conference November 9-11, 2026. You'll

gain valuable insights into financing trends, industry developments, and best practices from professionals throughout the restaurant industry.

Good luck with your year-end planning. I wish you success in the year ahead.

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